



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6178
<http://emnrd.state.nm.us/ocd/District/H/3dstric.htm>

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

September 21, 1999

Certified Receipt #P 471 215 241

W B Hamilton Estate
Attn John Hamilton
710 Hamilton Bldg
Wichita Falls, TX 76301

RE: Continuing Problems at the W B Hamilton Estate State 16 #1, L-16-25N-08W.

Dear Mr. Hamilton:

The New Mexico Oil Conservation Division (OCD) is concerned about continuing problems at the State 16 #1 well site, L-16-25N-08W, API No. 30-045-25854. Bruce Martin originally inspected the well on June 3, 1999. Mr. Martin noted excessive hydrocarbon contamination at the well head and oil on an earthen pit. Mr. Martin notified Dave Simmons of the problems and spoke with him by telephone on June 4, 1999. Mr. Martin and I inspected the well site on June 17, 1999. No progress toward alleviating the problems was apparent. Mr. Simmons' office was notified of the continuing problems on June 18, 1999. Mr. Simmons contacted me by telephone on June 21, 1999, stating the problems of oil on the earthen pit and excavating and remediating contamination around the well head would be addressed. Inspection of the State 16 #1 well site by me on September 15, 1999 revealed the problems of contamination at the well head and oil on an earthen pit still persist.

W B Hamilton Estate is to take steps to excavate hydrocarbon contamination around the well head and remediate the contamination to guideline standards or dispose of the contamination at an OCD approved facility. Oil is to be removed from the earthen pit. The pit is to be closed to standards in OCD guidelines or an acceptable alternative. A pit closure report will be submitted to the Aztec District office and the OCD Environmental Bureau, Santa Fe. OCD Rules 13 and 18, "*Guidelines for Remediation of Leaks, Spills and Releases*", "*Unlined Surface Impoundment Closure Guidelines*", "*Guidelines for the Selection and Installation of Below Grade Produced Water Tanks*" and Oil Conservation Commission Order 7940-C apply.

W B Hamilton Estate has 15 days to submit a schedule for excavation, remediation and closure at the State 16 #1 well site to the Aztec District office. If you have questions, please feel free to contact me at 505-334-6178, ext. 15.

Yours truly,

Denny G. Foust
Environmental Geologist
DGF/mk

XC: Frank Chavez
Bruce Martin
Rand Carroll, Legal Counsel Santa Fe
Roger Anderson, Environmental Bureau Santa Fe

Dave Simmons
Well File
DGF File